



Life Insurance

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Highlights



Your life insurance benefits are designed to provide financial security for your survivors in the event of your death.

Your life insurance benefits...

...PROVIDE SECURITY FOR YOUR FAMILY THROUGH BASIC LIFE COVERAGE

Your basic life insurance coverage pays a benefit to your beneficiary in case of your death from any cause. If you elect to continue basic life insurance during retirement prior to age 65, you and the Company share the cost of this coverage. At age 65, your coverage is reduced and provided to you at no cost.

...OFFER THE OPPORTUNITY FOR ADDED PROTECTION THROUGH SUPPLEMENTAL LIFE COVERAGE

Supplemental life insurance coverage provides greater security for your beneficiary in case of your death from any cause. If you elect to continue supplemental life insurance during retirement prior to age 65, you will continue to pay the full cost of this coverage. (You must continue basic life insurance to continue supplemental life insurance.) At age 65, your coverage is reduced and provided at no cost to you.



What Happens to Your Life Insurance When...

For more information about what happens to your life insurance benefits when you have a significant life event, see "Making the Most of Your Benefits," beginning on page 10.

Basic Life Insurance

hile you were actively employed, basic life insurance coverage of at least two times your pay was available on an optional contributory basis. If you continue this coverage at retirement, it pays benefits to your beneficiary in the event of your death from any cause while you are insured.

BENEFIT AMOUNTS

If You Retired Before Age 65

If you retired before age 65, were eligible for an immediate pension benefit and had basic life insurance coverage for at least one year immediately preceding your retirement, you were allowed to:

 continue your full basic life insurance amount until age 65 by continuing to make your regular premium payments

or

◆ take the reduced basic life insurance amount (as described under "If You Retired At Age 65 or After") immediately at no cost to you.

When you reach age 65, your life insurance will be reduced (as described under "If You Retired At Age 65 or After").

If You Retired At Age 65 or After

If you retired at age 65 or later, a reduced amount of basic life insurance coverage (described below) will continue for the rest of your life, provided you had basic life insurance coverage for at least one year immediately preceding retirement. This reduced coverage is currently provided at no cost to you.

If you had basic life insurance coverage for at least one year but less than five years immediately preceding your retirement, your reduced insurance coverage is \$625.

If you had basic life insurance coverage for at least five years immediately preceding your retirement, the amount of your reduced insurance is the greater of:

◆ 1% of your basic life insurance amount just before retirement* times your years of service (including any fraction of a year), plus \$500, with a minimum of \$2,500 or 25% of your basic life insurance just before retirement, up to a maximum of \$10,000

or

- ◆ 20% of your basic life insurance just before retirement.*
- * If you retired after age 65, the amount of your reduced life insurance will be calculated using the amount of your basic life insurance at age 65.

Payment of Benefits

You may elect one of the following forms of payment for your basic life insurance benefits:

- interest payments at specified intervals, with the principal payable upon request if you have at least \$10,000 in life insurance coverage
- periodic installments up to a maximum of 20 years, with the remaining principal earning interest
- ◆ a life income in periodic payments.

If you do not make an election, your beneficiary can choose to receive your benefit in a lump sum or through a money market account.

Supplemental Life Insurance

hile you were an active employee, supplemental life insurance coverage of at least one times pay was available on an optional contributory basis. If you continue this coverage, it provides added protection to your beneficiary in the event of your death from any cause while you are insured.

BENEFIT AMOUNTS

If You Retired Before Age 65

If you continued your full amount of basic life insurance, you were allowed to continue your full supplemental life insurance coverage amount during early retirement until age 65 by continuing to make your regular premium payment. If you continue your full amount of basic and supplemental insurance until age 65, at that time your life insurance will be reduced (as described in the section "If You Retired At Age 65 or After"). If you elected to take the reduced amount of basic life insurance during early retirement, supplemental life insurance coverage was automatically reduced and provided at no cost to you.

If You Retired At Age 65 or After

If you retired at age 65 or later, a reduced amount of supplemental life insurance coverage was continued for the rest of your life at no cost to you, provided you had supplemental life insurance coverage for at least one year immediately preceding retirement.

If you had supplemental life insurance coverage for at least one year but less than five years immediately preceding your retirement, your reduced insurance is \$312.

If you had supplemental life insurance coverage for at least five years immediately preceding your retirement, the amount of your reduced insurance is the greater of:

◆ 1% of your supplemental life insurance amount just before retirement* times your years of service (including any fraction of a year), plus \$250, with a minimum amount of \$1,250 or 12.5% of your supplemental life insurance just before retirement, up to a maximum of \$5,000

or

- ◆ 10% of your supplemental life insurance just before retirement.*
- * If you retired after age 65, the amount of your reduced life insurance will be calculated using the amount of your basic life insurance at age 65.



PAYMENT OF BENEFITS

Supplemental life insurance benefits are paid to your beneficiary in a lump sum, unless an optional form of payment is elected, as discussed on page 72.

Living Benefit

If you are diagnosed with a terminal illness, with six months or less to live, and have at least \$20,000 of life insurance (basic and supplemental coverage combined), you may make a one-time request to receive a portion of your life insurance benefit before you die. You must furnish satisfactory proof of your illness to the insurance company before any benefits can be paid.

You may receive up to 50% of the amount of your basic and supplemental life insurance coverage, with a maximum living benefit of \$250,000 of your basic life insurance coverage and \$250,000 of your supplemental life insurance coverage. Benefits will be paid in a lump sum.

Living benefit payments may be taxable and may affect your eligibility for certain government benefits, such as Medicaid. In addition, the amount of benefits payable to your beneficiary upon your death will be reduced by the amount of the living benefit that you receive.

If you wish to apply for a living benefit, please contact the Benefit Plans Office for forms and instructions.



Other Important Information

NAMING YOUR BENEFICIARY

You may name anyone as your beneficiary and you may change your beneficiary designation at any time by completing the appropriate form available from the Benefit Plans Office. The beneficiary you name for basic life insurance benefits will automatically be your beneficiary for supplemental life, unless you elect otherwise in writing.

If you do not designate a beneficiary, basic and supplemental life insurance benefits will be paid to your estate.

COSTS FOR COVERAGE

As described in "About Your Benefits" on page 8, you and the Company share the cost of unreduced basic life insurance coverage. You pay the cost of unreduced supplemental life insurance coverage. The Company pays the full cost of reduced basic life insurance and reduced supplemental life insurance.

TAX CONSEQUENCES

Under current tax law, employer-paid insurance coverage in excess of \$50,000 may result in additional taxable income for federal income and FICA tax purposes. This additional taxable income, called imputed income, is reported on your W-2 earnings statement as "other income."

CLAIMING BENEFITS

You or your beneficiary must file a claim with the Benefit Plans Office in order to receive any life insurance benefits. By contacting the Benefits Plans Office, you or your beneficiary will receive the necessary forms, as well as instructions and assistance in filing forms.

WHEN COVERAGE ENDS

Basic life insurance and supplemental life insurance coverage end on the earliest of the following dates:

- the last day of the month for which your last contribution was made if you fail to make any required contribution
- ♦ when you die
- ◆ the date the plan is terminated.

If you should die within the 30-day period after your coverage terminates, basic life insurance and supplemental life insurance benefits will be paid.

CONVERSION PRIVILEGES

Within 30 days after your basic life insurance and supplemental life insurance coverages terminate, you may convert all or part of these coverages to individual insurance policies without taking a medical examination. The cost for individual coverage will be based on the insurance company's regular premium rates for the type and amount of insurance available to you through the conversion privilege.

If your basic life insurance and supplemental life insurance coverages are reduced at retirement, you will also have an opportunity to convert the amount of discontinued insurance to an individual policy within 30 days after the reduction without taking a medical examination.

If your life insurance coverages terminate, you will receive a letter from Benefit Plan Operations containing conversion information.



Administrative Information

Information about the administration of your life and accident insurance benefits can be found in the section entitled "Administrative Information" starting on page 10.